

AGENDA PAPER

Item Number: 5(g)
Date of Meeting: 27 November 2017
Subject: Annual review of APES GN 41 *Management Representations*

Action required **For discussion** **For noting** **For information**

Purpose

In accordance with APESB's Constitution, an annual review of APES GN 41 *Management Representations* (APES GN 41) has been performed to identify and resolve any issues identified by stakeholders.

Background

APESB issued APES GN 41 in August 2016, with the effective date being the date of issue. The six-month review of APS GN 41 conducted in May 2017 did not determine any issues in relation to the guidance note.

Consideration of Issues

Technical Staff have completed the following procedures to identify any issues associated with APES GN 41:

- Consulted with the Professional Bodies to identify whether Members or other stakeholders have raised any issues with the Professional Bodies in respect of APES GN 41;
- Reviewed the APESB Issues Register to identify whether stakeholders have reported any matters in relation to APES GN 41; and
- Performed an internal technical review of APES GN 41 including considering the technological neutrality of the guidance note.

The issues identified through completion of the above procedures are noted below.

Amendments for NOCLAR and Whistle-blowing legislation

Technical Staff are aware of two matters which will need to be reflected in APES GN 41:

- **NOCLAR**

In May 2017 APESB issued the amending standard *Responding to Non-Compliance with Laws and Regulations* (NOCLAR). The NOCLAR provisions are effective from 1 January 2018, with early adoption permitted.

In view of this, Technical Staff believe APES GN 41 should be updated to refer to NOCLAR provisions, in the following areas of the guidance note:

- Paragraph 5.6 - deals with confidentiality and disclosure of matters and should now include a reference to Section 360;
- Paragraph 5.7 - sets out the obligations of a Member in Business in communicating a NOCLAR, and should now refer to the specific section of the Code for NOCLAR (e.g. Section 360);
- Paragraph 6.2 - outlines circumstances where a Member in Business may encounter threats to compliance with fundamental principles in the management representation process, including NOCLAR, and should be reviewed to ensure consistency with NOCLAR provisions; and
- Paragraph 7.4 - outlines key considerations when a Member in Business identifies matters, such as NOCLAR, as part of the management representation process which have not been previously dealt with by management, and should be reviewed to ensure consistency with the NOCLAR provisions.

As a guidance note becomes effective from their date of issue, any revision to APES GN 41 should be issued after the NOCLAR standard becomes operative in January 2018.

- **Whistle-blowing legislation**

The Government has proposed changes to whistle-blower legislation. If the draft legislation gets passed in Parliament later this, it is expected to be enacted in 2018.

Amendments to whistle-blowing legislation will impact the following sections of APES GN 41:

- paragraph 5.6 – dealing with confidentiality and disclosure of matters; and
- paragraph 7.4 – dealing with the process for reporting matters to Those Charged with Governance.

Technical Staff propose to commence a project in 2018 to update APES GN 41 for amendments relating to NOCLAR and for changes in whistle-blowing legislation.

Staff Recommendation

That the Board approve the proposed project to revise APES GN 41 in relation to the new NOCLAR provisions and any amendments to whistle-blowing legislation.

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Date: 6 November 2017